

**VILLAGE OF FORESTBURG**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED DECEMBER 31, 2022**

# Brian King Professional Corporation

Box 560, Hardisty, Alberta T0B 1V0

## INDEPENDENT AUDITOR'S REPORT

### To the Mayor and Council of the Village of Forestburg:

#### *Report on the Consolidated Financial Statements*

#### *Opinion*

I have audited the consolidated financial statements of the Village of Forestburg (the Entity), which comprise the consolidated statement of financial position as at December 31, 2022, and the results of its operations, changes in its net financial assets (debt) and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Village of Forestburg as at December 31, 2022, the results of its operations, change in its net financial assets (debt) and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### *Basis for Opinion*

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the Entity in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Entity's financial reporting process.

#### *Auditor's Responsibility for the Audit of the Consolidated Financial Statements*

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

# Brian King Professional Corporation

Box 560, Hardisty, Alberta T0B 1V0

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

## *Report on Other Legal and Regulatory Requirements*

- **Debt Limit Regulation:**  
In accordance with Alberta Regulation 255/2000, I confirm that the municipality is in compliance with the Debt Limit Regulation. A detailed account of the Entity's debt limit can be found in Note 7.
- **Supplementary Accounting Principles and Standards Regulation:**  
In accordance with Alberta Regulation 313/2000, I confirm that the municipality is in compliance with the Supplementary Accounting Principles and Standards Regulation and note the information required can be found in Note 11.

M.D. of Wainwright

May 1, 2023



Brian King Professional Corporation

Chartered Professional Accountant

# VILLAGE OF FORESTBURG

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2022

	<u>2022</u>	<u>2021</u>
<b>FINANCIAL ASSETS</b>		
Cash and term deposits (Note 2)	1,515,485	1,542,037
Taxes and grants in place of taxes (Note 3)	148,027	102,628
Trade and other receivables	294,691	246,349
Due from other governments	213,274	331,137
Inventory held for resale	498,118	485,400
Other financial assets	28,600	28,600
	<u>2,698,195</u>	<u>2,736,151</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	447,676	331,294
Deferred revenue (Note 4)	134,920	55,410
Long term debt (Note 5)	945,495	1,119,764
	<u>1,528,091</u>	<u>1,506,468</u>
<b>NET FINANCIAL ASSETS</b>	<u>1,170,104</u>	<u>1,229,683</u>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets	15,248,299	15,397,094
Prepaid expenses	4,005	7,219
	<u>15,252,304</u>	<u>15,404,313</u>
<b>ACCUMULATED SURPLUS (NOTE 8)</b>	<u>16,422,408</u>	<u>16,633,996</u>

*Commitments and contingencies - See Note 11*

# VILLAGE OF FORESTBURG

## CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (unaudited)	2022	2021
<b>REVENUE</b>			
Net municipal property taxes (Schedule 3)	891,960	<b>907,012</b>	885,327
User fees and sales of goods	1,282,611	<b>1,526,664</b>	1,334,418
Penalties and costs on taxes	24,590	<b>30,617</b>	26,947
Licenses and permits	9,350	<b>8,771</b>	10,693
Fines	4,682	<b>1,522</b>	1,006
Franchise and concession contracts	114,310	<b>119,823</b>	99,248
Investment income	25,000	<b>23,174</b>	9,249
Rentals	105,170	<b>105,908</b>	110,382
Government transfers for operating	187,536	<b>177,839</b>	214,541
Other	244,600	<b>92,500</b>	15,330
Gain on disposal of assets	-	<b>952</b>	-
	<b>2,889,809</b>	<b>2,994,782</b>	2,707,141
<b>EXPENSES</b>			
Legislative	68,600	<b>76,698</b>	53,161
Administration	433,658	<b>436,964</b>	387,413
Protective services	136,700	<b>132,321</b>	135,866
Transportation	447,911	<b>416,475</b>	419,900
Water supply and distribution	195,895	<b>243,438</b>	208,666
Wastewater treatment and disposal	59,752	<b>57,132</b>	58,657
Waste management	153,120	<b>151,844</b>	147,797
Public health and welfare	20,281	<b>21,578</b>	19,419
Planning and development	236,331	<b>219,797</b>	177,949
Recreation	259,625	<b>240,892</b>	232,784
Culture	54,734	<b>52,547</b>	58,469
Gas system	421,084	<b>574,950</b>	417,115
Amortization	540,540	<b>619,229</b>	627,858
Loss on disposal of assets	-	-	28,261
	<b>3,028,231</b>	<b>3,243,865</b>	2,973,315
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES BEFORE OTHER</b>	(138,422)	<b>(249,083)</b>	(266,174)
<b>OTHER</b>			
Government transfers for capital (Schedule 4)	231,992	<b>101,722</b>	671,211
<b>EXCESS OF REVENUE OVER EXPENSES</b>	93,570	<b>(147,361)</b>	405,037
<b>Contribution of Tangible Capital Assets to FRESS</b>	-	<b>(64,227)</b>	-
<b>ACCUMULATED SURPLUS, BEGINNING OF YEAR</b>	16,633,996	<b>16,633,996</b>	16,228,959
<b>ACCUMULATED SURPLUS, END OF YEAR</b>	16,727,566	<b>16,422,408</b>	16,633,996

# VILLAGE OF FORESTBURG

## CONSOLIDATED STATEMENT OF CHANGES IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2022

	Budget (unaudited)	2022	2021
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>93,570</u>	<u>(147,361)</u>	<u>405,037</u>
Acquisition of tangible capital assets	(547,000)	(534,661)	(937,651)
Proceeds on disposal of tangible capital assets	-	952	45,000
Amortization of tangible capital assets	540,540	619,229	627,858
Loss (gain) on sale of tangible capital assets	-	(952)	28,261
	<u>(6,460)</u>	<u>84,568</u>	<u>(236,532)</u>
Net (increase) decrease of prepaid assets	-	3,214	3,882
<b>INCREASE IN NET FINANCIAL ASSETS</b>	<u>87,110</u>	<u>(59,579)</u>	<u>172,387</u>
<b>NET FINANCIAL ASSETS, BEGINNING OF YEAR</b>	<u>1,229,683</u>	<u>1,229,683</u>	<u>1,057,296</u>
<b>NET FINANCIAL ASSETS, END OF YEAR</b>	<u><u>1,316,793</u></u>	<u><u>1,170,104</u></u>	<u><u>1,229,683</u></u>

# VILLAGE OF FORESTBURG

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2022

	2022	2021
<b>NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES:</b>		
<b>OPERATING</b>		
Excess (deficit) of revenues over expenses	(147,361)	405,037
Non-cash items included in excess of revenue over expenses:		
Amortization of tangible capital assets	619,229	627,858
Loss (gain) on disposal of tangible capital assets	(952)	28,261
Non-cash charges to operations (net change):		
Decrease (increase) in taxes and grants in place of taxes	(45,399)	(4,340)
Decrease (increase) in trade and other receivables	(48,342)	(49,862)
Decrease (increase) in due from other governments	117,863	(240,793)
Decrease (increase) in inventory held for resale	(12,718)	(11,276)
Decrease (increase) in prepaid expenses	3,214	3,882
Increase (decrease) in accounts payable and accrued liabilities	116,382	(12,223)
Increase (decrease) in deferred revenue	79,510	(224,875)
	<b>681,426</b>	<b>521,669</b>
<b>CAPITAL</b>		
Acquisition of tangible capital assets	(534,661)	(937,651)
Sale of tangible capital assets	952	45,000
	<b>(533,709)</b>	<b>(892,651)</b>
<b>INVESTING</b>		
Decrease (increase) in restricted cash or cash equivalents	(1,574)	225,659
<b>FINANCING</b>		
Long-term debt advanced (repaid)	(174,269)	56,841
<b>CHANGE IN CASH AND EQUIVALENTS DURING THE YEAR</b>	<b>(28,126)</b>	<b>(88,482)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>1,542,037</b>	<b>1,630,519</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>1,513,911</b>	<b>1,542,037</b>
<b>CASH AND CASH EQUIVALENTS IS MADE UP OF:</b>		
Cash on hand	200	200
Cash in bank	342,144	(110,816)
Term deposits	1,173,141	1,652,653
Less: restricted portion of cash and term deposits (Note 2)	(1,574)	-
	<b>1,513,911</b>	<b>1,542,037</b>

## VILLAGE OF FORESTBURG

### SCHEDULE OF CHANGES IN ACCUMULATED SURPLUS FOR THE YEAR ENDED DECEMBER 31, 2022 (Schedule 1)

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2022	2021
<b>BALANCE, BEGINNING OF YEAR</b>	1,183,939	1,172,727	14,277,330	<b>16,633,996</b>	16,228,959
Excess of revenues over expenses	(147,361)	-	-	<b>(147,361)</b>	405,037
Unrestricted funds designated for future use	(112,080)	112,080	-	-	-
Current year funds used for tangible capital assets	(534,661)	-	534,661	-	-
Contributed tangible capital assets	-	-	(64,227)	<b>(64,227)</b>	-
Annual amortization expense	619,229	-	(619,229)	-	-
Net change in long term debt	(174,269)	-	174,269	-	-
Change in accumulated surplus	(349,142)	112,080	25,474	<b>(211,588)</b>	405,037
<b>BALANCE, END OF YEAR</b>	<u>834,797</u>	<u>1,284,807</u>	<u>14,302,804</u>	<b><u>16,422,408</u></b>	<u>16,633,996</u>



## VILLAGE OF FORESTBURG

### CONSOLIDATED SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2022 (Schedule 2)

	LAND	LAND IMPROVEMENTS	BUILDINGS	ENGINEERED STRUCTURES	MACHINERY AND EQUIPMENT	VEHICLES	2022	2021
<b>COST:</b>								
Balance - beginning of year	352,347	1,037,286	7,286,592	15,750,479	1,787,024	446,077	<b>26,659,805</b>	25,822,055
Acquisition of tangible capital assets	-	9,500	-	459,096	20,857	-	<b>489,453</b>	937,651
Construction in progress	-	-	-	45,208	-	-	<b>45,208</b>	-
Disposal of tangible capital assets	-	-	-	-	(198,428)	(289,999)	<b>(488,427)</b>	(99,901)
Balance - end of year	352,347	1,046,786	7,286,592	16,254,783	1,609,453	156,078	<b>26,706,039</b>	26,659,805
<b>ACCUMULATED AMORTIZATION</b>								
Balance - beginning of year	-	500,503	2,881,947	6,322,070	1,142,776	415,415	<b>11,262,711</b>	10,661,493
Annual amortization	-	42,738	161,032	350,810	55,450	9,199	<b>619,229</b>	627,858
Accumulated amortization on disposals	-	-	-	-	(134,201)	(289,999)	<b>(424,200)</b>	(26,640)
Balance - end of year	-	543,241	3,042,979	6,672,880	1,064,025	134,615	<b>11,457,740</b>	11,262,711
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>352,347</b>	<b>503,545</b>	<b>4,243,613</b>	<b>9,581,903</b>	<b>545,428</b>	<b>21,463</b>	<b>15,248,299</b>	<b>15,397,094</b>
<b>OPENING NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>352,347</b>	<b>536,783</b>	<b>4,404,645</b>	<b>9,428,409</b>	<b>644,248</b>	<b>30,662</b>	<b>15,397,094</b>	

# VILLAGE OF FORESTBURG

## CONSOLIDATED SCHEDULE OF PROPERTY TAXES LEVIED FOR THE YEAR ENDED DECEMBER 31, 2022 (Schedule 3)

	Budget (Unaudited)	2022	2021
<b>TAXATION</b>			
Real property taxes	948,077	<b>954,432</b>	935,205
Linear property taxes	42,923	<b>42,923</b>	42,124
Special assessments	97,020	<b>95,970</b>	95,970
	<u>1,088,020</u>	<u><b>1,093,325</b></u>	<u>1,073,299</u>
<b>REQUISITIONS</b>			
Alberta School Foundation	187,760	<b>178,013</b>	181,152
Flagstaff Regional Housing Group	8,300	<b>8,300</b>	6,820
	<u>196,060</u>	<u><b>186,313</b></u>	<u>187,972</u>
<b>NET MUNICIPAL TAXES</b>	<u>891,960</u>	<u><b>907,012</b></u>	<u>885,327</u>

# VILLAGE OF FORESTBURG

## CONSOLIDATED SCHEDULE OF GOVERNMENT TRANSFERS FOR THE YEAR ENDED DECEMBER 31, 2022 (Schedule 4)

	Budget (Unaudited)	2022	2021
<b>TRANSFERS FOR OPERATING</b>			
Federal Government	-	<b>74,103</b>	32,850
Provincial Government	187,536	<b>103,736</b>	163,736
Local Governments	-	-	17,955
	<u>187,536</u>	<u><b>177,839</b></u>	<u>214,541</u>
<b>TRANSFERS FOR CAPITAL</b>			
Federal Government	-	<b>50,861</b>	164,557
Provincial Government	231,992	<b>50,861</b>	506,654
	<u>231,992</u>	<u><b>101,722</b></u>	<u>671,211</u>
<b>TOTAL GOVERNMENT TRANSFERS</b>	<u>419,528</u>	<u><b>279,561</b></u>	<u>885,752</u>

# VILLAGE OF FORESTBURG

## CONSOLIDATED SCHEDULE OF EXPENDITURE BY OBJECT FOR THE YEAR ENDED DECEMBER 31, 2022 (Schedule 5)

	Budget (Unaudited)	<b>2022</b>	2021
<b>Expenditures</b>			
Salaries, wages and benefits	831,663	<b>814,260</b>	789,057
Contracted and general services	675,261	<b>712,228</b>	610,284
Materials, goods and utilities	681,495	<b>745,537</b>	616,393
Provision for allowances	2,000	<b>154</b>	38
Transfers to other governments	2,700	<b>22,885</b>	18,238
Transfers to local boards and agencies	235,560	<b>257,594</b>	221,983
Transfers to individuals and agencies	-	<b>2,804</b>	-
Bank charges and short term interest	2,910	<b>3,719</b>	2,793
Interest on capital long term debt	33,212	<b>42,719</b>	37,692
Other expenditures	22,890	<b>22,736</b>	20,718
Amortization of tangible capital assets	540,540	<b>619,229</b>	627,858
Loss on disposal of tangible capital assets	-	-	28,261
	<u>3,028,231</u>	<u><b>3,243,865</b></u>	<u>2,973,315</u>

## VILLAGE OF FORESTBURG

### SCHEDULE OF SEGMENTED DISCLOSURE FOR THE YEAR ENDED DECEMBER 31, 2022 (Schedule 6)

	General Government	Protective Services	Transportation services	Environmental Services	Public Health & Welfare	Planning & Development	Recreation & Culture	Gas System	Total
<b>REVENUE</b>									
Net municipal property taxes (Schedule 2)	907,012	-	-	-	-	-	-	-	907,012
User fees and sales of goods	2,054	82,054	-	545,274	6,357	11,867	46,459	832,599	1,526,664
Penalties and costs on taxes	30,617	-	-	-	-	-	-	-	30,617
Licenses and permits	-	8,771	-	-	-	-	-	-	8,771
Fines	1,272	250	-	-	-	-	-	-	1,522
Franchise and concession contracts	119,823	-	-	-	-	-	-	-	119,823
Investment income	23,174	-	-	-	-	-	-	-	23,174
Rentals	-	6,000	-	-	-	99,908	-	-	105,908
Government transfers	109,609	-	-	-	-	-	-	-	109,609
Other	3,490	-	9,595	-	1,825	6,000	70,940	650	92,500
	<u>1,197,051</u>	<u>97,075</u>	<u>9,595</u>	<u>545,274</u>	<u>8,182</u>	<u>117,775</u>	<u>117,399</u>	<u>833,249</u>	<u>2,925,600</u>
<b>EXPENSES</b>									
Salaries, wages and benefits	336,026	15,728	162,133	129,465	8,497	103,762	47,132	11,517	814,260
Contracted and general services	130,454	14,112	98,487	264,105	3,034	48,612	58,462	94,962	712,228
Materials, goods and utilities	18,309	15,503	145,707	54,878	1,812	38,900	13,302	457,126	745,537
Provision for allowances	154	-	-	-	-	-	-	-	154
Transfers to other governments	-	22,885	-	-	-	-	-	-	22,885
Transfers to local boards and agencies	25,000	64,093	-	-	7,613	16,849	144,039	-	257,594
Transfers to individuals and agencies	-	-	-	-	-	2,804	-	-	2,804
Bank charges and short term interest	3,719	-	-	-	-	-	-	-	3,719
Interest on capital long term debt	-	-	10,148	3,966	-	-	28,605	-	42,719
Other expenditures	-	-	-	-	622	8,870	1,899	11,345	22,736
	<u>513,662</u>	<u>132,321</u>	<u>416,475</u>	<u>452,414</u>	<u>21,578</u>	<u>219,797</u>	<u>293,439</u>	<u>574,950</u>	<u>2,624,636</u>
<b>NET REVENUE, BEFORE AMORTIZATION</b>	<u>683,389</u>	<u>(35,246)</u>	<u>(406,880)</u>	<u>92,860</u>	<u>(13,396)</u>	<u>(102,022)</u>	<u>(176,040)</u>	<u>258,299</u>	<u>300,964</u>
<b>AMORTIZATION AND DISPOSAL OF ASSETS</b>									
Amortization of tangible capital assets	7,496	1,112	234,792	157,024	978	17,247	190,691	9,889	619,229
Loss (gain) on disposal of tangible capital asse	-	-	(952)	-	-	-	-	-	(952)
	<u>7,496</u>	<u>1,112</u>	<u>233,840</u>	<u>157,024</u>	<u>978</u>	<u>17,247</u>	<u>190,691</u>	<u>9,889</u>	<u>618,277</u>
<b>NET REVENUE</b>	<u>675,893</u>	<u>(36,358)</u>	<u>(640,720)</u>	<u>(64,164)</u>	<u>(14,374)</u>	<u>(119,269)</u>	<u>(366,731)</u>	<u>248,410</u>	<u>(317,313)</u>

# VILLAGE OF FORESTBURG

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

---

### 1. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements of the Village of Forestburg are the representations of management prepared in accordance with generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Canadian Chartered Professional Accountants.

Significant aspects of the accounting policies adopted by the village are as follows:

#### **a) Reporting Entity**

The consolidated financial statements reflect the assets, liabilities, revenues and expenditures, changes in fund balances and change in financial position of the reporting entity. This entity is comprised of the municipal operations plus all of the organizations that are owned or controlled by the village are, therefore accountable to the Council for the administration of their financial affairs and resources.

The schedule of taxes levied also includes requisitions for education, health, social and other external organizations that are not part of the municipal reporting entity.

The statements exclude trust assets that are administered for the benefit of external parties. Interdepartmental and organizational transactions and balances are eliminated.

#### **b) Basis of Accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

# VILLAGE OF FORESTBURG

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

---

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### c) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

#### d) Investments

Investments are recorded at amortized cost. Investment premiums and discounts are amortized on the net present value basis over the term of the respective investments. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

#### e) Requisition Over-levy and Under-levy

Over-levies and under-levies arise from the difference between the actual property tax levy made to cover each requisition and the actual amount requisitioned.

If the actual levy exceeds the requisition, the over-levy is accrued as a liability and property tax revenue is reduced. Where the actual levy is less than the requisition amount, the under-levy is accrued as a receivable and as property tax revenue.

Requisition tax rates in the subsequent year are adjusted for any over-levies or under-levies of the prior year.

#### f) Inventories for Resale

Land held for resale is recorded at the lower of cost or net realizable value. Cost includes costs for land acquisition and improvements required to prepare the land for servicing such as clearing, stripping and levelling charges. Related development costs incurred to provide infrastructure such as water and wastewater services, roads, sidewalks and street lighting are recorded as physical assets under the respective function.

#### g) Tax revenue

Tax revenues are recognized when the tax has been authorized by bylaw and the taxable event has occurred.

Requisitions operate as a flow through and are excluded from municipal revenue.

# VILLAGE OF FORESTBURG

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

---

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **h) Government Transfers**

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

#### **i) Landfill Closure and Post-Closure Liability**

Pursuant to the Alberta Environmental Protection and Enhancement Act, the village is required to fund the closure of its landfill site and provide for post-closure care of the facility. Closure and post-closure activities include the final clay cover, landscaping, as well as surface and ground water monitoring, leachate control, and visual inspection. The requirement is being provided for over the estimated remaining life of the landfill site based on usage.

#### **j) Contaminated Sites Liability**

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of a contaminated site is recognized when a site is not in productive use and is management's estimate of the cost of post-remediation including operation, maintenance and monitoring.

#### **k) Non-Financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the consolidated Change in Net Financial Assets for the year.

#### **i. Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	<b>YEARS</b>
Buildings	25-50
Engineered structures - other	5-75
Engineered structures - water system	45-75
Engineered structures - wastewater system	45-75
Land improvements	5-75
Machinery and equipment	5-40
Vehicles - declining balance	30%

Full annual amortization is charged in the year of acquisition and none in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.



# VILLAGE OF FORESTBURG

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 1. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### ii. Contributions of Tangible Capital Assets

Tangible capital assets received as contributions are recorded at fair value at the date of receipt and also are recorded as revenue.

#### iii. Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

#### iv. Inventories

Inventories held for consumption are recorded at the lower of cost and replacement cost.

#### v. Cultural and Historical Tangible Capital Assets

Works of art for display are not recorded as tangible capital assets but are disclosed.

### 2. CASH AND TERM DEPOSITS

	<u>2022</u>	<u>2021</u>
Included in cash and term deposits are amounts received from various grant funding programs that are held for use in accordance with the funding agreements. (Note 4)		
Canada Community Building Fund	<u>1,574</u>	<u>-</u>
	<u>1,574</u>	<u>-</u>
Included in cash and term deposits are amounts designated by council for future expenses and tangible capital asset acquisitions. (Note 9)		
	<u>1,284,807</u>	<u>1,172,727</u>
Total restricted cash and term deposits	<u>1,286,381</u>	<u>1,172,727</u>
Total un-restricted cash and term deposits	<u>229,104</u>	<u>369,310</u>

# VILLAGE OF FORESTBURG

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 3. TAXES AND GRANTS IN PLACE OF TAXES RECEIVABLES

	<u>2022</u>	<u>2021</u>
Current taxes and grants in place of taxes	81,566	57,773
Arrears taxes	41,008	52,257
Property held by the village as a result of tax forfeiture	25,453	-
	<u>148,027</u>	<u>110,030</u>
Less: allowance for doubtful accounts	-	(7,402)
	<u>148,027</u>	<u>102,628</u>

### 4. DEFERRED INCOME

Deferred income consists of the following:

	<u>2022</u>	<u>2021</u>
Canada Community Building Fund	1,574	-
Municipal Sustainability Initiative - capital	119,992	50,861
Prepaid property taxes	11,862	3,143
Rent and By-law	1,492	1,406
	<u>134,920</u>	<u>55,410</u>

### 5. EMPLOYEE BENEFIT OBLIGATIONS

	<u>2022</u>	<u>2021</u>
Vacation, overtime and sick time accrual	41,020	27,438

Vacation and overtime

The vacation and overtime liability is comprised of the vacation and overtime that employees are deferring to future years. Employees have either earned the benefits and are vested or are entitled to these benefits within the next budgetary year.

Sick time accrual

The village allows full-time staff to carry-forward to a maximum of twelve months worth of sick time to future years. The sick time accrual is not vested and no expense is incurred when the employment relationship is ended.

# VILLAGE OF FORESTBURG

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 6. LONG TERM DEBT

	2022	2021
Capital		
Loans to Local Authorities	766,020	896,590
Capital lease	159,475	193,174
Private loan	20,000	30,000
	945,495	1,119,764

Principal and interest payments are as follows:

	Principal	Interest	Total
2023	180,558	28,820	209,378
2024	273,392	24,269	297,661
2025	78,484	19,932	98,416
2026	81,835	16,581	98,416
2027	85,329	13,087	98,416
Thereafter	245,897	16,771	262,668
	945,495	119,460	1,064,955

Debenture debt owing to Loans to Local Authorities bears interest ranging from 2.37% to 4.276% per annum and matures in periods from 2024 through 2030 and is secured by the credit and security of the village at large.

Capital lease owing to De Lage Landen Financial Services Canada Inc bears interest at 5.489% per annum with monthly lease payments of 3,622 and an option to purchase of 89,900 in December 2024.

Private loan is repayable to the Forestburg Golf Club and bears no interest. It is repayable in annual principal payments of \$10,000, maturing in 2024.

The village's total cash payments for interest in 2022 were \$42,977 (2021 - \$38,346).

# VILLAGE OF FORESTBURG

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 7. DEBT LIMITS

Section 276(2) of the Municipal Government Act requires that debt and debt limits as defined by Alberta Regulation 255/00 for the Village of Forestburg be disclosed as follows:

	<u>2022</u>	<u>2021</u>
Total debt limit	<u>4,492,173</u>	<u>4,060,712</u>
Total debt	<u>945,495</u>	<u>1,119,764</u>
Surplus debt limit	<u>3,546,678</u>	<u>2,940,948</u>
Debt servicing limit	<u>748,696</u>	<u>676,785</u>
Debt servicing	<u>209,378</u>	<u>207,482</u>
Surplus debt servicing	<u>539,318</u>	<u>469,303</u>

The debt limit is calculated at 1.5 times revenue of the municipality (as defined in Alberta Regulation 255/00) and the debt service limit is calculated at 0.25 times such revenue. Incurring debt beyond these limitations requires approval by the Minister of Municipal Affairs. These thresholds are guidelines used by Alberta Municipal Affairs to identify municipalities, which could be at financial risk if further debt is acquired. The calculation taken alone does not represent the financial stability of the municipality. Rather, the financial statements must be interpreted as a whole.

### 8. EQUITY IN TANGIBLE CAPITAL ASSETS

	<u>2022</u>	<u>2021</u>
Tangible capital assets (Schedule 2)	<u>26,706,039</u>	<u>26,659,805</u>
Accumulated amortization (Schedule 2)	<u>(11,457,740)</u>	<u>(11,262,711)</u>
Long-term debt (Note 6)	<u>(945,495)</u>	<u>(1,119,764)</u>
	<u>14,302,804</u>	<u>14,277,330</u>

# VILLAGE OF FORESTBURG

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 9. ACCUMULATED SURPLUS

Accumulated surplus consists of restricted and unrestricted amounts and equity in tangible capital assets as follows:

	<u>2022</u>	<u>2021</u>
<b>Unrestricted surplus</b>	<b><u>834,797</u></b>	<b><u>1,183,939</u></b>
<b>Restricted surplus</b>		
Contingency	178,932	178,308
Civic building	99,260	60,481
Emergency management	4,500	4,500
Cemetery	23,800	23,717
Fire	8,658	8,341
Roads	121,168	70,340
Water	144,754	159,833
Sewer	135,701	117,809
Community development	216,450	197,706
Parks and recreation	126,537	116,205
Gas system	225,047	235,487
	<b><u>1,284,807</u></b>	<b><u>1,172,727</u></b>
<b>Equity in tangible capital assets</b>	<b><u>14,302,804</u></b>	<b><u>14,277,330</u></b>
	<b><u>16,422,408</u></b>	<b><u>16,633,996</u></b>

### 10. SEGMENTED DISCLOSURE

The Village of Forestburg provides a range of services to its ratepayers. For each reported segment, revenues and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The accounting policies used in these segments are consistent with those followed in the preparation of the financial statements as disclosed in Note 1.

Refer to the Schedule of Segmented Disclosure (schedule 6)

# VILLAGE OF FORESTBURG

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

### 11. SALARY AND BENEFITS DISCLOSURE

Disclosure of salaries and benefits for municipal officials, the chief administrative officer as required by Alberta Regulation 313/2000 is as follows:

	2022			2021
	Salary	Benefits & Allowances	Total	Total
Caron	563	15	578	1,842
Coutts	-	-	-	5,595
Fossen	14,666	636	15,302	9,579
Frizzell	4,530	109	4,639	-
Giroux	9,305	331	9,636	7,205
McNabb	10,285	387	10,672	5,925
Young	15,285	672	15,957	12,527
CAO 2021 (1) 2020 (3)	126,000	28,295	154,295	145,701
Designated officer (2)	22,093	-	22,093	21,305

1. Salary includes regular base pay, bonuses, overtime, lump sum payments, gross honoraria and any other direct cash remuneration.
2. Employer's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, vision coverage, group life insurance, accidental disability and dismemberment insurance, long and short-term disability plans, professional memberships and tuition.

### 12. TRUST FUNDS

the Village of Forestburg administers the following trusts:

	2022	2021
Forestburg enhancement trust	74,042	303,874

### 13. CONTINGENCIES

The Village is a member of the Alberta Municipal Insurance Exchange (MUNIX). Under the terms of the membership, the village could become liable for its proportionate share of any claim losses in excess of the funds held by the exchange. Any liability incurred would be accounted for as a current transaction in the year the losses are determined.

The Village is a member of the Flagstaff Regional Solid Waste Management Association. Under the terms of the membership, the village could become liable for its proportionate share of any landfill closure and post-closure costs in excess of the funds held by the association. Any liability incurred would be accounted for as a current transaction in the year the shortfall is determined.

# VILLAGE OF FORESTBURG

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

---

### 14. FINANCIAL INSTRUMENTS

The Village's financial instruments consist of cash and temporary investments, accounts receivable, investments, bank indebtedness, accounts payable and accrued liabilities, deposit liabilities and long-term debt. It is management's opinion that the Village is not exposed to significant interest or currency risks arising from these financial instruments.

The Village is subject to credit risk with respect to taxes receivable and trade and other receivables. Credit risk arises from the possibility that taxpayers and entities to which the Village provides services may experience financial difficulty and be unable to fulfill their obligations. The large number and diversity of taxpayers and customers minimizes the credit risk.

Unless otherwise noted, the fair value of these financial instruments approximates their fair value.

### 15. LOCAL AUTHORITIES PENSION PLAN

Employees of the village participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plans Act. The LAPP serves 281,754 people and 435 employers. The LAPP is financed by employer and employee contributions and by investment earnings of the LAPP Fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The village is required to make current service contributions to the LAPP of 8.45% of pensionable earnings up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.80% on pensionable earnings above this amount. Employees of the Village are required to make current service contributions of 7.45% of pensionable salary up to the year's maximum pensionable salary and 11.80% on pensionable salary above this amount.

Total current service contributions by the village to the LAPP during the year were \$49,877. Total current service contributions by the employees of the Village to the Local Authorities Pension Plan during the year were \$44,413.

At December 31, 2021, the LAPP disclosed an actuarial surplus of \$11.9 Billion.

# VILLAGE OF FORESTBURG

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

---

### 16. CONTAMINATED SITES LIABILITY

The village has adopted PS3260 Liability for Contaminated Sites. The Village did not identify any financial liabilities in 2022 (2021 – nil) as a result of this standard.

### 17. COMPARITIVE FIGURES

Certain comparative figures have been restated to conform to the current year's presentation.

### 18. APPROVAL OF FINANCIAL STATEMENTS

Council and Management have approved these financial statements.